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PUBLIC SERVICE  
COMMISSION

April 27, 2004

Thomas M. Dorman, Executive Director  
Commonwealth of Kentucky  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Case 2004-00151

Re: Citipower L.L.C.  
Quarterly Report of Gas Cost Recovery Rate Calculation

Dear Mr. Dorman:

Please accept the enclosed Citipower, L.L.C. Quarterly Report of Gas Cost Recovery Rate Calculation, filed April 27, 2004, for rates to be effective June 1, 2004, based on the reporting period from November 1, 2003 through January 31, 2004. To the best of my knowledge, this filing is complete and accurate, is in accordance with the requirements of the Commonwealth of Kentucky Public Service Commission, and is consistent with the calculation of the rates Ordered by the Public Service Commission on August 8, 2002 regarding Case No. 2002-00252.

The Public Service Commission may, as it has in the past, correct the Quarterly Report of Gas Cost Recovery Rate Calculation provided by Citipower, and issue its Order based on its corrected Calculation. If the Commission corrects the enclosed Calculation and issues its Order based on the Commission's corrected Calculation, please provide me with a legible copy of the Commission's corrected Calculation for my future reference.

Sincerely,

David J. Hutchinson  
Controller

Citipower, LLC  
2122 Enterprise Road  
Greensboro, NC 27408

Voice 336-379-0800  
Fax 336-379-0881

COMPANY NAME

*Citipower, LLC*

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

*04-27-2004*

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Date Rates to be Effective:

*06-01-2004*

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Reporting Period is Calendar Quarter Ended:

*01-31-2004*

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Citipower, LLC  
 filed 04-27-2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.1004
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	2.9280
+ Balance Adjustment (BA)	\$/Mcf	< 0.4976 >
= Gas Cost Recovery Rate (GCR)	\$/Mcf	9.5308

GCR to be effective for service rendered from 06-01-2004 to 08-31-2004.

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	516,610.90
+ Sales for the 12 months ended	Mcf	72,758
= Expected Gas Cost (EGC)	\$/Mcf	7.1004

B. REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	-
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
= Refund Adjustment (RA)	\$/Mcf	-

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment per Case # 2002-0252 (expires August 31, 2005) *		1.1136
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	0.3944
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	< 0.0833 >
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.1037
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	1.3996
= Actual Adjustment (AA)	\$/Mcf	2.9280

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adj. per Case # 2002-0252, for period Sept. 2002 - Oct. 2003 *		< 0.4679 >
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	< 0.0235 >
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	< 0.0062 >
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	-
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	-
= Balance Adjustment (BA)	\$/Mcf	< 0.4976 >

\* carried forward

Citipower, LLC  
 Filed 04-27-2004

SCHEDULE II  
 EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>01-31-2004</u>					
(1)	(2)	(3)	(4)	(5)**	(6)
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4)x(5) Cost
Forexco, Inc.			72,758		516,610.90

(See attached detail)

Totals	<u>72,758</u>	<u>516,610.90</u>
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Line loss for 12 months ended \_\_\_\_\_ is \_\_\_\_\_ % based on purchases of \_\_\_\_\_ Mcf and sales of \_\_\_\_\_ Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	516,610.90
+ Mcf Purchases (4)	Mcf	<u>72,758</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.1004
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<u>72,758</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	516,610.90

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.  
 \*\*Supplier's tariff sheets or notices are attached.

**Citipower LLC**  
**Quarterly Report of Gas Cost**  
**Recovery Rate Calculation**  
**Filing 01/23/2004**

**Schedule II**  
**Expected Gas Cost**

Month	Mcf	Expected Rate	Cost
February-03	11,155	7.1004	79,204.96
March-03	5,075	7.1004	36,034.53
April-03	4,008	7.1004	28,458.40
May-03	3,652	7.1004	25,930.66
June-03	3,738	7.1004	26,541.30
July-03	3,331	7.1004	23,651.43
August-03	2,346	7.1004	16,657.54
September-03	2,918	7.1004	20,718.97
October-03	4,282	7.1004	30,403.91
November-03	5,527	7.1004	39,243.91
December-03	14,456	7.1004	102,643.38
January-04	12,270	7.1004	87,121.91
	72,758	7.1004	516,610.90

Citipower, LLC  
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APPENDIX B  
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SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 01-31-2004  
(reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
<u>+ Interest</u>	\$	
= Refund Adjustment including interest	\$	
<u>÷ Sales for 12 months ended</u>	Mcf	
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	<del>0</del>

Citipower, LLC  
 filed 04-27-2004

SCHEDULE IV

ACTUAL ADJUSTMENT

01-31-2004

For the 3 month period ended (reporting period)

Particulars	Unit	Month 1 (11-03)	Month 2 (12-03)	Month 3 (01-04)
Total Supply Volumes Purchased	Mcf	5,526.9	14,455.9	12,270.2
Total Cost of Volumes Purchased	\$	32,663.98	107,361.08	79,466.72
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	5,526.9	14,455.9	12,270.2
= Unit Cost of Gas	\$/Mcf	5.910	7.4268	6.4764
- EGC in effect for month	\$/Mcf	6.4932	5.7960	5.7960
= Difference [(Over-)/Under-Recovery]	\$/Mcf	< 0.5832 >	1.6308	0.6804
x Actual sales during month	Mcf	5,526.9	14,455.9	12,270.2
= Monthly cost difference	\$	< 3,223.29 >	23,574.68	8,348.64

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	28,700.03
+ Sales for 12 months ended 01-31-2004	Mcf	72,758
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	0.3944

Citipower, LLC  
 filed 04-27-2004

SCHEDULE V

BALANCE ADJUSTMENT

01-31-2004

For the 3 month period ended \_\_\_\_\_ (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of <u>0.0521</u> \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of <u>74,070</u> Mcf during the 12-month period the AA was in effect. <i>(March 2003 - February 2004)</i> Equals: Balance Adjustment for the AA.	\$ \$	2,120.59 <3,859.05> _____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA.	\$ \$	<1,738.46> _____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$ \$	_____ _____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
+ Sales for 12 months ended <u>02-29-2004</u>	Mcf	<u>74,070</u>
Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<0.0235>